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AUGUST 11, 1981. NOT TO BE PREVIOUSLY PUBLISHED, QUOTED
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ADDRESS BY

THE HONORABLE ALEXANDER M. HAIG, JR.
SECRETARY OF STATE

BEFORE

THE AMERICAN BAR ASSOCIATION
NEW ORLEANS, LOUISIANA

AUGUST 11, 1981

A STRATEGIC APPROACH TO AMERICAN FOREIGN POLICY
ADDRESS BY
SECRETARY OF STATE ALEXANDER M. HAIG, JR.
BEFORE THE AMERICAN BAR ASSOCIATION
NEW ORLEANS, LOUISIANA
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AMERICANS ADMIRE LAW. AT ITS BEST, IT EXPRESSES OUR SENSE OF JUSTICE, MODERATION AND FAIR PLAY. IT ALSO REFLECTS OUR NATIONAL CHARACTER - OUR ENTHUSIASTIC IDEALISM AND OUR FAMOUS PRAGMATISM. UNCOORDINATED, THESE TRAITS COULD LEAD US IN CONTRADICTORY DIRECTIONS. YET WHEN THEY ARE IN BALANCE THEY GIVE US THE STRENGTH, CONFIDENCE AND SKILL THAT HAS MADE US GREAT.

WE HAVE DISCOVERED THAT FOREIGN POLICY, LIKE LAW, MUST BE ROOTED IN THE STRENGTH OF OUR NATIONAL CHARACTER. A FOREIGN POLICY THAT FORSAKES IDEALS IN ORDER TO MANIPULATE INTERESTS OFFENDS OUR SENSE OF RIGHT. A FOREIGN POLICY THAT FORSAKES POWER IN ORDER TO PURSUE PIETIES OFFENDS OUR SENSE OF REALITY. ONLY A VISION WITH WORTHY IDEALS CAN CAPTURE OUR IMAGINATION. ONLY A PRACTICAL PROGRAM FOR ACHIEVING THOSE IDEALS CAN BE WORTHY OF OUR SUPPORT.

DESPITE THE VICISSITUDES OF HISTORY, AMERICANS HAVE ALWAYS RALLIED TO THE VISION OF A WORLD CHARACTERIZED BY FREEDOM, PEACE AND PROGRESS.

PRESIDENT REAGAN SHARES THIS VISION. HE ALSO UNDERSTANDS THAT PROGRESS TOWARDS SUCH A WORLD DEPENDS ON THE STRENGTH OF THE UNITED STATES. MORE THAN MONEY AND ARMS, SUCH STRENGTH COMES FROM OUR WILLINGNESS TO WORK FOR OUR CONVICTIONS AND EVEN TO FIGHT FOR THEM.

IN THE 1980'S, THESE CONVICTIONS WILL BE PUT TO A HARD TEST.

-2-

FAMILIAR PATTERNS OF ALLIANCE AND IDEOLOGY ARE BREAKING DOWN. AND STRATEGIC CHANGES HAVE ALREADY OCCURRED THAT DEMAND A DIFFERENT APPROACH TO AMERICAN FOREIGN POLICY. LET ME SUMMARIZE THESE CHANGES BRIEFLY:

- THE COMMUNIST BLOC, ONCE THE TIGHTLY DISCIPLINED INSTRUMENT OF SOVIET POWER, HAS BEEN SHAKEN BY THE SINO-SOVIET SCHISM. INCREASINGLY SEVERE INTERNAL PROBLEMS AFFLICT THE SOVIET-CONTROLLED STATES. AND CHRONIC ECONOMIC FAILURE HAS ERODED THE APPEAL OF MARXIST-LENINIST THEORIES.
- AT THE SAME TIME, THE THIRD WORLD HAS EMERGED IN ALL OF ITS DIVERSITY. THE FRAGILE INITIAL SOLIDARITY OF THE MODERNIZING STATES HAS BEGUN TO FRAGMENT. THEIR INTERNAL STABILITY IS THREATENED BY SUDDEN SOCIAL, POLITICAL AND ECONOMIC CHANGE. SIMULTANEOUSLY, THE WEST HAS BECOME INCREASINGLY DEPENDENT ON THEIR NATURAL RESOURCES.
- THE PROSPECTS FOR PEACEFUL PROGRESS HAVE BEEN OVERSHADOWED, NOT ONLY BY REGIONAL CONFLICT BUT ALSO BY THE EMERGENCE OF THE SOVIET UNION AS A GLOBAL MILITARY POWER. THE SOVIETS HAVE CHOSEN TO USE THEIR POWER TO TAKE ADVANTAGE OF INSTABILITY, ESPECIALLY IN THE DEVELOPING WORLD. THEY HAVE BECOME BOLDER IN THE PROMOTION OF VIOLENT CHANGE.
- THE NEW SOVIET MILITARY CAPABILITY HAS NOT BEEN OFFSET BY WESTERN STRENGTH. THE UNITED STATES HAS GRADUALLY LOST MANY OF THE MILITARY ADVANTAGES THAT ONCE PROVIDED A MARGIN OF SAFETY FOR THE WEST - IN SOME CASES BY CHOICE, IN OTHERS THROUGH NEGLECT AND ERROR. OUR PARTNERSHIP WITH WESTERN EUROPE AND JAPAN HAS BEEN SHAKEN BY QUARRELS OVER POLITICAL AND ECONOMIC ISSUES.

THESE STRATEGIC CHANGES RAISE IMPORTANT QUESTIONS ABOUT WESTERN SECURITY IN THE DECADE AHEAD.

CAN THE UNITED STATES AND ITS ALLIES FINANCE THE REBUILDING OF THEIR MILITARY STRENGTH? THE ANSWER IS YES. DESPITE OUR ECONOMIC TROUBLES, WE POSSESS RESOURCES FAR EXCEEDING THOSE OF POTENTIAL ADVERSARIES. BUT THIS DEPENDS ON POPULAR SUPPORT FOR DEFENSE POLICIES AND A DIPLOMACY THAT ENCOURAGES COOPERATION.

-- CAN THE ATLANTIC ALLIANCE AND OTHER COLLABORATIVE INSTITUTIONS SURVIVE IN THE NEW ENVIRONMENT? THE ANSWER IS YES. THE COOPERATIVE IMPULSE STILL EXISTS. BUT THIS IMPULSE MAY NOT SURVIVE ANOTHER DECADE OF RELATIVE MILITARY DECLINE OR STERILE ECONOMIC RIVALRY.

-- CAN THE WEST AND THE DEVELOPING COUNTRIES FIND COMMON INTERESTS? THE ANSWER IS YES. THE WEST ALONE OFFERS THE TECHNOLOGY AND KNOW-HOW ESSENTIAL TO OVERCOMING THE BARRIERS TO MODERNIZATION. THE DEVELOPING COUNTRIES, WHATEVER THEIR IDEOLOGY, ARE BEGINNING TO RECOGNIZE THIS FACT. BUT A SUCCESSFUL RELATIONSHIP ALSO DEMANDS AN IMAGINATIVE APPROACH ON OUR PART TO BOTH THE ECONOMIC AND THE SECURITY ASPECTS OF MODERNIZATION.

-- CAN THE UNITED STATES HOLD TOGETHER ITS ALLIES AND FRIENDSHIPS, DESPITE ADVERSE STRATEGIC CHANGES? THE ANSWER IS YES. BUT OUR ALLIES AND FRIENDS MUST BE CONFIDENT OF AMERICAN LEADERSHIP.

THEY MUST ALSO BE CONFIDENT THAT THE SECURITY ARRANGEMENTS DETERRING THE SOVIET UNION ARE EFFECTIVE -- AND WE ARE THE LINCHPIN OF THESE ARRANGEMENTS. THE AMERICAN ROLE REMAINS UNIQUE AND INDISPENSABLE.

-4-

THESE CRUCIAL QUESTIONS CAN ALL BE ANSWERED IN THE AFFIRMATIVE IF AMERICAN FOREIGN POLICY IS SENSITIVE TO BOTH AMERICAN IDEALS AND THE CHANGES IN THE STRATEGIC ENVIRONMENT. PRESIDENT REAGAN BELIEVES THAT THE KEY TO SUCCESS LIES IN A STRATEGIC APPROACH. THE TIME IS LONG PAST WHEN WE COULD PURSUE FOREIGN, DEFENSE AND ECONOMIC POLICIES INDEPENDENTLY OF EACH OTHER. IN TODAY'S WORLD, THE FAILURE OF ONE WILL BEGET THE FAILURE OF THE OTHERS. INSTEAD, EACH OF THESE POLICIES MUST SUPPORT THE OTHERS IF ANY ARE TO SUCCEED. AND SUCCESS IN EACH MAKES FOR THE SUCCESS OF ALL.

THIS STRATEGIC APPROACH PROVIDES THE SUPPORT FOR A NEW FOREIGN POLICY STRUCTURE WITH FOUR PILLARS: FIRST, THE RESTORATION OF OUR ECONOMIC AND MILITARY STRENGTH; SECOND, THE REINVIGORATION OF OUR ALLIANCES AND FRIENDSHIPS; THIRD, THE PROMOTION OF PROGRESS IN THE DEVELOPING COUNTRIES THROUGH PEACEFUL CHANGE; AND FOURTH, A RELATIONSHIP WITH THE SOVIET UNION CHARACTERIZED BY RESTRAINT AND RECIPROCITY.

THE FIRST PILLAR OF OUR FOREIGN POLICY IS THE RESTORATION OF AMERICA'S ECONOMIC AND MILITARY STRENGTH. THE PRESIDENT UNDERSTANDS THAT A WEAK AMERICAN ECONOMY WILL EVENTUALLY CRIPPLE OUR EFFORTS ABROAD. HIS REVOLUTIONARY PROGRAMS OF BUDGETARY REDUCTIONS, TAX CUTS AND INVESTMENT INCENTIVES HAVE EARNED THE OVERWHELMING SUPPORT OF THE AMERICAN PEOPLE AND THE CONGRESS. AFTER YEARS OF PERSISTENT PROBLEMS, AMERICAN ECONOMIC RECOVERY WILL NOT BE EASY. BUT HOPE IN A BETTER FUTURE - A SOUNDER DOLLAR, MORE CREATIVE ENTERPRISE AND A MORE EFFECTIVE GOVERNMENT - HAS BEEN RAISED.

AT THE SAME TIME, THE PRESIDENT IS TAKING LONG OVERDUE ACTION TO CORRECT OUR MILITARY DEFICIENCIES. THIS INCLUDES MODERNIZATION AND BALANCED EXPANSION OF OUR EXISTING FORCES. IT ALSO INCLUDES

-5-

THE IMPROVEMENT OF OUR INDUSTRIAL BASE. THESE EFFORTS WILL MAKE IT EASIER FOR THE U.S., OUR ALLIES AND OTHER NATIONS TO RESIST THREATS BY THE SOVIET UNION OR ITS SURROGATES.

THE AMERICAN PEOPLE'S WILLINGNESS TO SUPPORT THIS PROGRAM, EVEN IN TIME OF AUSTERITY, IS THE INDISPENSABLE SIGNAL THAT WE ARE PREPARED TO DEFEND OUR VITAL INTERESTS. BUT WE SHOULD NOT DELUDE OURSELVES. A BEGINNING IS NOT ENOUGH. IF WE FAIL TO FOLLOW THROUGH ON THESE FORECAST IMPROVEMENTS TO OUR DEFENSES, THEN OUR FOREIGN POLICY, OUR PROSPERITY AND ULTIMATELY OUR FREEDOM WILL BE IN JEOPARDY.

THE SECOND PILLAR IS THE REINVIGORATION OF OUR ALLIANCES AND FRIENDSHIPS. WE HAVE BEEN WORKING TOWARDS A MORE EFFECTIVE WESTERN PARTNERSHIP, SENSITIVE TO THE CONCERNS OF OUR ALLIES AND BUILT ON A MORE SOPHISTICATED PROCESS OF CONSULTATION. ALREADY, WE HAVE TAKEN ACTION TOGETHER ON SUCH ISSUES AS THE POLISH CRISIS AND THEATER NUCLEAR FORCES. WE ARE ALSO WORKING ON COMMON APPROACHES TO THE PROBLEMS OF SOUTHERN AFRICA. FINALLY, THE OTTAWA SUMMIT HAS ENABLED THE LEADERS OF THE WEST TO DEEPEN THEIR UNDERSTANDING OF EACH OTHER'S POLICIES.

AMERICAN LEADERSHIP MEANS COOPERATION WITH FRIENDS AS WELL AS WITH ALLIES. SUCH COOPERATION IS NOT A FAVOR, IT IS A NECESSITY. WE NEED FRIENDS TO SUCCEED. AND BOTH WE AND OUR FRIENDS MUST BE STRONG AND FAITHFUL TO EACH OTHER IF OUR INTERESTS ARE TO BE PRESERVED. OUR ACTIONS IN THE FAR EAST, IN SOUTHWEST ASIA AND IN THE MIDDLE EAST HAVE DEMONSTRATED THAT THE ERA OF AMERICAN PASSIVITY IS OVER.

THE THIRD PILLAR OF OUR POLICY IS OUR COMMITMENT TO PROGRESS IN THE DEVELOPING COUNTRIES THROUGH PEACEFUL CHANGE. WE WANT

-6-

TO ESTABLISH A JUST AND RESPONSIBLE RELATIONSHIP WITH THE DEVELOPING COUNTRIES. THIS RELATIONSHIP WILL BE BASED IN PART ON OUR BELIEF THAT OUR PRINCIPLES SPEAK TO THEIR ASPIRATIONS AND THAT OUR ACCOMPLISHMENTS SPEAK TO THEIR FUTURE. BUT IT WILL ALSO BE BASED ON OUR MUTUAL INTEREST IN MODERNIZATION. WESTERN CAPITAL, TRADE AND TECHNOLOGY ARE ESSENTIAL TO THIS PROCESS.

THE UNITED STATES STANDS READY TO ASSIST THE DEVELOPING COUNTRIES AND TO PARTICIPATE IN THE SO-CALLED NORTH-SOUTH DIALOGUE. PRESIDENT REAGAN RECOGNIZES THAT THE ESSENCE OF DEVELOPMENT IS THE CREATION OF ADDITIONAL WEALTH RATHER THAN THE SELECTIVE REDISTRIBUTION OF EXISTING WEALTH FROM ONE PART OF THE WORLD TO ANOTHER. PROGRESS DEPENDS ON BOTH DOMESTIC ECONOMIC POLICIES AND ON THE STRENGTH OF THE WORLD ECONOMY. THE GOVERNMENTS OF THE DEVELOPED AND DEVELOPING COUNTRIES, ALONG WITH THE PRIVATE SECTOR, EACH HAVE THEIR SPECIAL ROLES TO PLAY IN ESTABLISHING THE CLOSE AND CONSTRUCTIVE RELATIONSHIPS THAT ARE CRUCIAL TO SUCCESS.

THE UNITED STATES HAS ALREADY BEGUN TO PUT THIS NEW APPROACH INTO PRACTICE THROUGH A UNIQUE PROGRAM WITH JAMAICA. WE ARE ALSO ACTING WITH MEXICO, VENEZUELA, AND CANADA TO CREATE A CARIBBEAN BASIN PLAN. AND WE ARE LOOKING FORWARD TO THE CANCUN SUMMIT. WE BELIEVE THAT THIS SUMMIT, FREE OF A CONFRONTATIONAL ATMOSPHERE, WILL FACILITATE THE DIALOGUE ON PROBLEMS OF THE DEVELOPING COUNTRIES.

WESTERN ASSISTANCE FOR DEVELOPMENT STANDS IN STARK CONTRAST TO THE ACTIONS OF THE SOVIET UNION, WHICH OFFERS LITTLE ECONOMIC AID. INSTEAD, MOSCOW AND ITS SURROGATES SEEK TO EXPLOIT HISTORIC CHANGE AND REGIONAL CONFLICT TO THE DETRIMENT OF PEACEFUL PROGRESS. THE UNITED STATES AND ITS ALLIES ARE WORKING WITH REGIONAL PARTNERS TO ARREST THE TREND

-7-

TOWARD VIOLENCE AND INSTABILITY, AND WE HAVE INCREASED OUR SECURITY ASSISTANCE IN RECOGNITION OF THE CRUCIAL LINK BETWEEN MODERNIZATION AND POLITICAL STABILITY.

THE FOURTH PILLAR IS A RELATIONSHIP WITH THE SOVIET UNION MARKED BY GREATER SOVIET RESTRAINT AND GREATER SOVIET RECIPROCITY.

I WANT TO DISCUSS THIS PILLAR AT LENGTH TODAY BECAUSE SOVIET-AMERICAN RELATIONS MUST BE AT THE CENTER OF OUR EFFORTS TO PROMOTE A MORE PEACEFUL WORLD.

OVER A CENTURY AGO, ALEXIS DE TOCQUEVILLE PREDICTED THAT THE UNITED STATES AND RUSSIA WERE DESTINED TO BECOME THE WORLD'S MOST POWERFUL STATES. THIS PROPHECY HAS COME TO PASS IN THE NUCLEAR AGE. OUR UNRECONCILED DIFFERENCES ON HUMAN RIGHTS MUST THEREFORE NOT BE PERMITTED TO BRING A GLOBAL CATASTROPHE. WE MUST COMPETE WITH THE SOVIET UNION TO PROTECT FREEDOM, BUT WE MUST ALSO SEARCH FOR COOPERATION TO PROTECT MANKIND.

THIS SEARCH HAS BEEN BOTH DIFFICULT AND DISAPPOINTING. MOST RECENTLY WE INVESTED EXTRAORDINARY EFFORTS IN THE DECADE-LONG SEARCH FOR DETENTE. BUT EVEN AS THE SEARCH FOR A REDUCTION IN TENSIONS INTENSIFIED, THE INSTRUMENT OF TENSION -- SOVIET MILITARY POWER -- WAS STRENGTHENED. THIS BUILD-UP GAINED MOMENTUM FROM A REMARKABLY STABLE AND PROSPEROUS PERIOD IN SOVIET HISTORY.

AS THE SOVIET ARSENAL GREW AND THE WEST FAILED TO KEEP PACE, MOSCOW'S INTERVENTIONISM INCREASED. THE ACHIEVEMENT OF GLOBAL MILITARY POWER, JUSTIFIED AS PARITY WITH THE WEST BUT EXCEEDING IT IN SEVERAL CATEGORIES, ASSUMED A MORE OMINOUS ROLE: THE PROMOTION OF VIOLENT CHANGE, ESPECIALLY IN AREAS OF VITAL INTEREST TO THE WEST. TODAY'S SOVIET MILITARY MACHINE FAR EXCEEDS THE REQUIREMENTS OF DEFENSE; IT UNDERMINES THE BALANCE OF POWER ON WHICH WE AND OUR

-8-

ALLIES DEPEND; AND IT THREATENS THE PEACE OF THE WORLD. AN INTERNATIONAL SYSTEM WHERE MIGHT -- SOVIET MIGHT -- MAKES RIGHT, ENDANGERS THE PROSPECTS FOR PEACEFUL CHANGE AND THE INDEPENDENCE OF EVERY COUNTRY.

PERHAPS PREDICTABLY, THE SOVIET ATTEMPT TO ALTER THE BALANCE OF POWER HAS PRODUCED A BACKLASH. THE AMERICAN PEOPLE HAVE SHOWN THAT THEY WILL NOT SUPPORT UNEQUAL TREATIES; THEY WILL NOT ACCEPT MILITARY INFERIORITY. THE ONCE-STAUNCH CHINESE ALLY HAS BECOME AN IMPLACABLE OPPONENT OF THE SOVIET QUEST FOR HEGEMONY. AND MOSCOW HAS EARNED THE ENMITY AND FEAR OF MANY NON-ALIGNED STATES THROUGH SUCH ACTIONS AS THE OCCUPATION OF AFGHANISTAN AND SUPPORT FOR VIETNAM'S SUBJUGATION OF KAMPUCHEA.

THIS BACKLASH COMES AT A TIME WHEN SOVIET PROSPECTS ARE CHANGING FOR THE WORSE. THE ECONOMIES OF MOSCOW'S EASTERN EUROPEAN ALLIES ARE IN VARIOUS STAGES OF DECLINE. THE SOVIET ECONOMY ITSELF MAY HAVE LOST ITS CAPACITY FOR THE HIGH GROWTH OF THE PAST. AMBITIOUS FOREIGN AND DEFENSE POLICIES ARE THEREFORE BECOMING MORE OF A BURDEN. PERHAPS MOST SERIOUSLY, AS EVENTS IN POLAND HAVE DEMONSTRATED, THE SOVIET IDEOLOGY AND ECONOMIC MODEL ARE WIDELY REGARDED AS OUTMODED.

THE DECADE OF THE EIGHTIES THEREFORE PROMISES TO BE LESS ATTRACTIVE FOR MOSCOW. BUT THE TROUBLES AND POWER OF THE SOVIET UNION SHOULD GIVE PAUSE TO THE WORLD. MOSCOW'S UNUSUAL COMBINATION OF WEAKNESS AND STRENGTH IS ESPECIALLY CHALLENGING TO THE UNITED STATES.

WHAT DO WE WANT OF THE SOVIET UNION? WE WANT GREATER SOVIET RESTRAINT ON THE USE OF FORCE. WE WANT GREATER SOVIET RESPECT FOR THE INDEPENDENCE OF OTHERS. AND WE WANT THE SOVIETS TO ABIDE

BY THEIR RECIPROCAL OBLIGATIONS, SUCH AS THOSE UNDERTAKEN IN THE HELSINKI ACCORDS. THESE ARE NO MORE THAN WE DEMAND OF ANY STATE, AND THESE ARE NO LESS THAN REQUIRED BY THE UNITED NATIONS CHARTER AND INTERNATIONAL LAW. THE RULES OF THE CHARTER GOVERNING THE INTERNATIONAL USE OF FORCE WILL LOSE ALL OF THEIR INFLUENCE ON THE BEHAVIOR OF NATIONS IF THE SOVIET UNION CONTINUES ITS AGGRESSIVE COURSE.

OUR PURSUIT OF GREATER SOVIET RESTRAINT AND RECIPROCITY SHOULD DRAW UPON SEVERAL LESSONS PAINFULLY LEARNED OVER THE PAST DECADE IN DEALING WITH THE SOVIET UNION.

-- SOVIET ANTAGONISM TOWARDS WESTERN IDEALS IS DEEPLY ROOTED. WE CANNOT COUNT UPON A CONVERGENCE OF SOVIET AND WESTERN POLITICAL PRINCIPLES OR STRATEGIC DOCTRINES. CONVERGENCE SHOULD NOT BE, AND CANNOT BE, A GOAL IN NEGOTIATIONS. AS A COROLLARY, WE SHOULD AVOID DANGEROUS OPTIMISM ABOUT THE PROSPECTS FOR MORE BENIGN SOVIET OBJECTIVES.

-- THE SOVIET UNION DOES NOT CREATE EVERY INTERNATIONAL CONFLICT, BUT IT WOULD BE DANGEROUS TO IGNORE SOVIET INTERVENTION THAT AGGRAVATES SUCH CONFLICT. EVEN AS WE WORK TO DEAL WITH INTERNATIONAL PROBLEMS ON THEIR OWN TERMS, WE MUST DEAL WITH SOVIET INTERVENTIONISM. A REGIONAL APPROACH THAT FAILS TO APPRECIATE THE STRATEGIC ASPECT OF SOVIET ACTIVITY WILL FAIL ULTIMATELY TO RESOLVE REGIONAL CONFLICTS AS WELL.

-- A WORKING RELATIONSHIP WITH THE SOVIET UNION DEPENDS ON A BALANCE OF ALTERNATIVES AND OUR ABILITY TO COMMUNICATE TO MOSCOW THAT SUCH ALTERNATIVES EXIST. WE MUST INDICATE OUR WILLINGNESS TO REACH FAIR AGREEMENTS THAT SPEAK TO THE LEGITIMATE INTERESTS OF BOTH THE SOVIET UNION AND THE UNITED STATES. BUT WE MUST ALSO

-10-

BE PREPARED TO DEFEND OUR INTERESTS IN THE ABSENCE OF SUCH AGREEMENTS. OUR ABILITY TO DO SO WILL BE A MAJOR INDUCEMENT FOR SOVIET COOPERATION.

-- FINALLY, THE SEARCH FOR REAL REDUCTIONS IN TENSION WITH MOSCOW MUST COVER THE FULL SPECTRUM OF OUR RELATIONSHIP. WE HAVE LEARNED THAT SOVIET-AMERICAN AGREEMENTS, EVEN IN STRATEGIC ARMS CONTROL, WILL NOT SURVIVE SOVIET THREATS TO THE OVERALL MILITARY BALANCE OR SOVIET ENCROACHMENT UPON OUR STRATEGIC INTERESTS IN CRITICAL REGIONS OF THE WORLD. LINKAGE IS NOT A THEORY; IT IS A FACT OF LIFE THAT WE OVERLOOK AT OUR PERIL.

BASED ON THESE GUIDELINES, THE UNITED STATES HAS TAKEN STEPS TOWARDS THE ACHIEVEMENT OF A MORE STABLE AND BENEFICIAL RELATIONSHIP WITH THE SOVIET UNION. OUR ACTIONS HAVE BEEN SHAPED BOTH BY THE LESSONS OF THE PAST AND BY WINSTON CHURCHILL'S OBSERVATION THAT THE "KEY" TO THE SOVIET RIDDLE WAS SOVIET NATIONAL INTEREST.

PRESIDENT REAGAN HAS WRITTEN PRESIDENT BREZHNEV THAT WE WANT A CONSTRUCTIVE AND MUTUALLY BENEFICIAL RELATIONSHIP WITH THE SOVIET UNION.

WHAT, IN TURN, DO WE OFFER THE SOVIETS? WE OFFER A REDUCTION IN THE TENSIONS THAT ARE SO COSTLY TO BOTH OUR SOCIETIES. WE OFFER DIPLOMATIC ALTERNATIVES TO THE PURSUIT OF VIOLENT CHANGE. WE OFFER FAIR AND BALANCED AGREEMENTS ON ARMS CONTROL. AND WE OFFER THE POSSIBILITY OF WESTERN TRADE AND TECHNOLOGY.

BUT SUCH A RELATIONSHIP CAN ONLY BE THE CONSEQUENCE OF A PATTERN OF GREATER SOVIET RESTRAINT. IN THE ABSENCE OF SUCH RESTRAINT, OUR MILITARY CAPABILITY, OUR ALLIANCES, AND OUR FRIENDSHIPS WILL ENABLE US TO PROTECT OUR INTERESTS.

OVER THE LAST SIX MONTHS, THIS MESSAGE HAS BEEN REINFORCED BY OVER FIFTY DIRECT CONTACTS AT SENIOR DIPLOMATIC LEVELS. AND WE

-11-

HAVE PREPARED A CONCRETE AGENDA OF THE OUTSTANDING PROBLEMS BETWEEN US IN THESE AREAS: GEOPOLITICAL ISSUES, ARMS CONTROL, AND ECONOMIC RELATIONS.

GEOPOLITICAL ISSUES. THE MOST PERSISTENT TROUBLES IN U.S.-SOVIET RELATIONS ARISE FROM SOVIET INTERVENTION IN REGIONAL CONFLICTS, AGGRAVATING TENSIONS AND HAMPERING THE SEARCH FOR PEACEFUL SOLUTIONS. UNLESS WE CAN COME TO GRIPS WITH THIS DIMENSION OF SOVIET BEHAVIOR, EVERYTHING ELSE IN OUR BILATERAL RELATIONSHIP WILL BE UNDERMINED -- AS WE HAVE SEEN REPEATEDLY IN THE PAST.

THE SOVIET UNION MUST UNDERSTAND THAT IT CANNOT SUCCEED IN DOMINATING THE WORLD THROUGH AGGRESSION. A SERIOUS AND SUSTAINED INTERNATIONAL REACTION WILL BE THE INEVITABLE RESULT, WITH GREATER DANGERS FOR EVERYONE -- INCLUDING MOSCOW. THE SOVIET GOVERNMENT MUST RECOGNIZE THAT SUCH A REACTION HAS FINALLY OCCURRED, PROVOKED BY THE CRISES OF AFGHANISTAN AND KAMPUCHEA. AND THE INTERNATIONAL COMMUNITY HAS PROPOSED WAYS AND MEANS FOR RESOLVING THOSE CRISES TO THE SATISFACTION OF ALL LEGITIMATE INTERESTS.

THE PEOPLE OF AFGHANISTAN OVERWHELMINGLY OPPOSE THE SOVIET OCCUPATION AND THE BABRAK KARMAL REGIME. THE VAST MAJORITY OF THE WORLD'S NATIONS ARE CHALLENGING THE SOVIETS TO COME TO THE NEGOTIATING TABLE, TO AGREE TO A POLITICAL SOLUTION, TO WITHDRAW THEIR FORCES AND TO RESTORE AFGHANISTAN'S NON-ALIGNED STATUS. THE PROPOSAL OF THE EUROPEAN COMMUNITY FOR A TWO-STAGE CONFERENCE IS A SOUND STEP TOWARDS THE ACHIEVEMENT OF THESE OBJECTIVES. BUT THE SOVIET UNION STILL PREFERS TO PROMOTE A BIZARRE THEME: THAT THE UNITED STATES IS UNWILLING TO NEGOTIATE ABOUT QUESTIONS OF CRITICAL INTERNATIONAL CONCERN; THAT THE U.S. WANTS A RETURN TO THE COLD WAR; THAT THE U.S. IS THE SOURCE OF THE TROUBLE IN AFGHANISTAN.

-12-

THE SOVIET UNION MUST BEGIN TO UNDERSTAND THAT AFGHAN RESISTANCE AND INTERNATIONAL PRESSURE WILL BE SUSTAINED. BY SUPPORTING INITIATIVES SUCH AS THAT OF THE EUROPEAN COMMUNITY, WE OFFER THE SOVIET UNION THE ALTERNATIVE OF AN HONORABLE SOLUTION.

THE SAME IS TRUE FOR KAMPUCHEA. THE UN CONFERENCE AND THE ATTEMPTS OF THE ASEAN NATIONS TO FIND A POLITICAL SOLUTION TO THE SOVIET-SUPPORTED VIETNAMESE OCCUPATION HAVE WON BROAD SUPPORT. HERE TOO THE INTERNATIONAL COMMUNITY HAS BEEN REBUFFED BY VIETNAMESE AND SOVIET REFUSAL EVEN TO ATTEND THE CONFERENCE. HERE AS WELL, WE BELIEVE THAT PATIENCE AND PERSEVERANCE -- AND THE DESIGN OF SOUND DIPLOMATIC SOLUTIONS -- OFFER THE SOVIETS AND THEIR SURROGATE THE CHOICE: INTERNATIONAL ISOLATION AND FAILURE, OR INTERNATIONAL COOPERATION AND A WAY OUT.

I HAVE OFTEN MENTIONED THE ACTIVITIES OF THE SOVIET UNION AND ITS CUBAN PROXY IN AGGRAVATING TENSIONS FROM CENTRAL AMERICA TO SOUTHERN AFRICA. CAN THERE BE A GREATER CONTRAST BETWEEN THEIR EFFORTS AND THOSE OF THE WEST IN TRYING TO RESOLVE THE POLITICAL, ECONOMIC AND SECURITY PROBLEMS OF THESE REGIONS?

IT IS TIME FOR THOSE WHO PREACH PEACE TO CONTRIBUTE TO PEACE. THE WAY TO DO IT IS THROUGH NEW RESTRAINT, BOTH IN MOSCOW AND HAVANA.

ARMS CONTROL. OUR PAST HOPES FOR A RELAXATION OF TENSIONS WITH THE SOVIET UNION WERE EVENTUALLY CONCENTRATED ON THE SEARCH FOR ARMS CONTROL. BUT WE OVERESTIMATED THE EXTENT TO WHICH ARMS CONTROL NEGOTIATIONS WOULD EASE TENSIONS ELSEWHERE. AND WE UNDERESTIMATED THE IMPACT OF CONFLICT ELSEWHERE ON THE ARMS CONTROL PROCESS ITSELF. THE ATTEMPT TO REGULATE AND REDUCE NUCLEAR WEAPONS MUST REMAIN

-13-

AN ESSENTIAL PART OF THE EAST-WEST AGENDA, BUT WE MUST FOCUS ON ITS CENTRAL PURPOSE: TO REDUCE THE RISK OF WAR.

ONLY BALANCED AND VERIFIABLE AGREEMENTS THAT ESTABLISH TRUE PARITY AT REDUCED LEVELS CAN INCREASE OUR SECURITY. I HAVE ALREADY ADDRESSED THE BROADER PRINCIPLES THAT GOVERN OUR APPROACH. AS WE BEGIN THIS PART OF THE DIALOGUE, IT IS ESSENTIAL TO RECOGNIZE THAT FAIR AGREEMENTS CAN BE REACHED WITH PATIENCE AND PERSEVERANCE. ABOVE ALL, WE MUST DEMONSTRATE THAT WE CAN SUSTAIN THE BALANCE BY OUR OWN EFFORTS IF AGREEMENTS FAIL TO DO SO. INDEED, IF WE DO NOT CAUSE THE SOVIETS TO BELIEVE THAT IN THE ABSENCE OF ARMS CONTROL THEY FACE A MORE DIFFICULT FUTURE, THEY WILL HAVE LITTLE OR NO INCENTIVE TO NEGOTIATE SERIOUSLY.

-- ON THIS BASIS, WE HAVE COMMENCED DISCUSSIONS WITH THE SOVIETS ON THEATER NUCLEAR FORCES, AND WE HAVE PROPOSED THAT FORMAL NEGOTIATIONS OPEN BEFORE THE END OF THIS YEAR. WE WANT EQUAL, VERIFIABLE LIMITS AT THE LOWEST POSSIBLE LEVEL OF U.S. AND-SOVIET LONG-RANGE THEATER NUCLEAR WEAPONS.

-- WE HAVE ALSO LAUNCHED A FRANK DISCUSSION OF COMPLIANCE WITH EXISTING ARMS CONTROL AGREEMENTS.

-- WE HAVE INITIATED THE INTENSE PREPARATIONS AND CONCEPTUAL STUDIES THAT MUST PRECEDE A RESUMPTION OF PROGRESS IN THE STRATEGIC ARMS LIMITATION TALKS.

-- WE AND OUR EUROPEAN ALLIES HAVE PROPOSED AN INNOVATIVE NEW SET OF CONFIDENCE-BUILDING MEASURES IN EUROPE, WHICH COULD PROVIDE A VALUABLE MEANS TO REDUCE UNCERTAINTY ABOUT THE CHARACTER AND PURPOSE OF THE OTHER SIDE'S MILITARY ACTIVITIES.

IT IS NOW UP TO THE SOVIET GOVERNMENT TO PUT ITS RHETORIC OF COOPERATION INTO ACTION.

ECONOMIC RELATIONS. EAST-WEST ECONOMIC TIES ARE ALSO ON OUR AGENDA WITH THE SOVIET UNION. OVER THE PAST DECADE, THESE TIES HAVE GROWN RAPIDLY, BUT THEY HAVE NOT RESTRAINED THE SOVIET USE OF FORCE.

THE TIME HAS COME TO REFASHION EAST-WEST ECONOMIC RELATIONS. WE SHALL SEEK TO EXPAND THOSE TIES THAT STRENGTHEN PEACE AND SERVE THE TRUE INTERESTS OF BOTH SIDES.

THE SOVIETS HAVE LOOKED TOWARD WESTERN AGRICULTURE, TECHNOLOGY, TRADE AND FINANCE IN ORDER TO RELIEVE THE PRESSING ECONOMIC PROBLEMS OF EASTERN EUROPE AND OF THE SOVIET UNION ITSELF. BUT THE SOVIET LEADERS MUST UNDERSTAND THAT WE CANNOT HAVE FULL AND NORMAL ECONOMIC RELATIONS IF THEY ARE NOT PREPARED TO RESPECT INTERNATIONAL NORMS OF BEHAVIOR. WE MUST THEREFORE WORK TO CONSTRAIN SOVIET ECONOMIC LEVERAGE OVER THE WEST. ABOVE ALL, WE SHOULD NOT ALLOW THE TRANSFER OF WESTERN TECHNOLOGY THAT INCREASES SOVIET WAR-MAKING CAPABILITIES.

IN SUM, AMERICAN STRATEGY TOWARD THE SOVIET UNION IS PROCEEDING ON TWO FRONTS SIMULTANEOUSLY.

FIRST, WE ARE CREATING BARRIERS TO AGGRESSION. WE ARE RENEWING AMERICAN STRENGTH. WE ARE JOINING WITH OUR ALLIES AND FRIENDS TO PROTECT OUR JOINT INTERESTS. AND WE ARE MAKING STRENUOUS EFFORTS TO RESOLVE CRISES WHICH COULD FACILITATE SOVIET INTERVENTION.

SECOND, WE ARE CREATING INCENTIVES FOR SOVIET RESTRAINT. WE ARE OFFERING A BROADER RELATIONSHIP OF MUTUAL BENEFIT. THIS INCLUDES POLITICAL AGREEMENTS TO RESOLVE OUTSTANDING REGIONAL CONFLICTS. IT ENCOMPASSES BALANCED AND VERIFIABLE ARMS CONTROL AGREEMENTS. AND IT HOLDS THE POTENTIAL BENEFITS OF GREATER EAST-WEST TRADE.

-15-

WE ARE NOT UNDER ANY ILLUSION THAT AGREEMENT WITH THE SOVIETS WILL BE EASY TO ACHIEVE. THE STRONG ELEMENT OF COMPETITION IN OUR RELATIONS IS DESTINED TO REMAIN. NONETHELESS, WE BELIEVE THAT THE RENEWAL OF AMERICA'S CONFIDENCE AND STRENGTH WILL HAVE A CONSTRUCTIVE AND MODERATING EFFECT UPON THE SOVIET LEADERS. BY REBUILDING OUR STRENGTH, REINVIGORATING OUR ALLIANCES, AND PROMOTING PROGRESS THROUGH PEACEFUL CHANGE, WE ARE CREATING THE CONDITIONS THAT MAKE RESTRAINT AND RECIPROCITY THE MOST REALISTIC SOVIET OPTIONS. THE SOVIETS WILL EVENTUALLY RESPOND TO A POLICY THAT CLEARLY DEMONSTRATES BOTH OUR DETERMINATION TO RESTRAIN THEIR CONTINUED SELF-AGGRANDIZEMENT AND OUR WILLINGNESS TO RECIPROCATATE THEIR SELF-RESTRAINT.

THE FOUR PILLARS OF FOREIGN POLICY THAT I HAVE DESCRIBED TODAY WILL NOT BE EASY TO BUILD. INTERNATIONAL REALITY TELLS US THAT THE HAZARDS ARE GREAT AND THE TASKS ENORMOUS. WE CAN EXPECT DISAPPOINTMENTS. WE SHOULD BE PREPARED FOR REVERSES. SOME WILL TELL US THAT WE ARE DREAMING OF A WORLD THAT CAN NEVER BE. OTHERS WILL TELL US THAT THE REASSERTION OF AMERICAN LEADERSHIP IS OUT OF TUNE WITH THE TIMES.

AN AMERICAN FOREIGN POLICY OF CYNICAL REALPOLITIK CANNOT SUCCEED BECAUSE IT LEAVES NO ROOM FOR THE IDEALISM THAT HAS CHARACTERIZED US FROM THE INCEPTION OF OUR NATIONAL LIFE. AN AMERICA THAT ACCEPTS PASSIVELY A THREATENING STRATEGIC ENVIRONMENT IS NOT TRUE TO ITSELF OR TO THE WORLD. THE TEST OF OUR FOREIGN POLICY IS ULTIMATELY THE TEST OF OUR CHARACTER AS A NATION.

WINSTON CHURCHILL ONCE SAID: "THE ONLY REAL SURE GUIDE TO THE ACTIONS OF MIGHTY NATIONS AND POWERFUL GOVERNMENTS IS A CORRECT ESTIMATE OF WHAT THEY ARE AND WHAT THEY CONSIDER TO BE THEIR OWN INTERESTS." OUR FOREIGN POLICY MUST PARTAKE OF WHAT WE "ARE,"

-16-

WHAT WE REPRESENT TO OURSELVES AND TO THE WORLD. SURELY, THE SECRET OF AMERICA'S ABILITY TO RENEW ITSELF IS OUR FUNDAMENTAL CONFIDENCE IN THE INDIVIDUAL. WE STAND FOR THE RIGHTS, RESPONSIBILITIES AND GENIUS OF THE INDIVIDUAL. WE RELY ON THE INDIVIDUAL'S CAPACITY TO DREAM OF A BETTER FUTURE AND TO WORK FOR IT. THIS IS THE CONSCIENCE, EVEN THE SOUL OF AMERICA. ULTIMATELY THIS IS WHAT AMERICA IS ABOUT. ULTIMATELY, WE MUST BE PREPARED TO GIVE OUR FORTUNES, LIVES AND SACRED HONOR TO THIS CAUSE.